

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 90-104-E - ORDER NO. 90-207  
MARCH 6, 1990

IN RE:	Carolina Power & Light Company -	)	ORDER GRANTING
	Application for Authority to Enter	)	AUTHORITY TO ENTER
	Into a Pollution Control Financing	)	INTO A POLLUTION
		)	CONTROL FINANCING

This matter comes before the South Carolina Public Service Commission (the "Commission") upon an Application of Carolina Power & Light Company (the "Company") filed on February 23, 1990, requesting authority to enter into a pollution control financing.

FINDINGS OF FACT

1. The Company's correct name and post office address is Carolina Power & Light Company, Post Office Box 1551, Raleigh, North Carolina 27602. The name and post office address of its attorney is Adrian N. Wilson, Post Office Box 1551, Raleigh, North Carolina 27602.
2. The Company is a corporation organized and existing under the laws of the state of North Carolina, with its principal office at 411 Fayetteville Street, Raleigh, North Carolina, where it is engaged in the business of generating, transmitting, delivering and furnishing electricity to the public for compensation.

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3. The Company's capital stock outstanding at December 31, 1989, consisted of Common Stock with a stated value of \$1,920,765,000, including Common Stock held by the Trustee of the Company's Stock Purchase-Savings Plan, and Preferred Stock having a stated value of \$377,118,000. As of December 31, 1989, the retained earnings of the Company were \$799,531,000.

The Company's existing long-term debt at December 31, 1989, amounted to principal amounts of \$2,360,250,000 in First Mortgage Bonds and \$341,910,000 in other long-term debt. The First Mortgage Bonds were issued under and pursuant to an Indenture of Trust dated as of May 1, 1940, duly executed by the Company to Irving Trust Company of New York, as Corporate Trustee, succeeded by The Bank of New York, which is presently acting as Corporate Trustee, and Frederick G. Herbst, as Individual Trustee, succeeded by Wafaa Orfy, who presently is acting as Individual Trustee, as supplemented by forty-seven Supplemental Indentures.

4. Pursuant to the provisions of its Charter and for the purposes hereinafter stated, the Company proposes to enter into two Loan Agreements with The Wake County Industrial Facilities and Pollution Control Financing Authority in Wake County, North Carolina (hereinafter sometimes referred to as the "Authority"), with such Loan Agreements to be substantially in the form of the draft Loan Agreement attached to the Application as Exhibit A. Under the terms of the Loan Agreements, the Authority will issue

and sell up to \$140,000,000 aggregate principal amount of Pollution Control Revenue Refunding Bonds in accordance with two Indentures of Trust, with such Indentures of Trust to be substantially in the form of the draft Indenture of Trust attached to the Application as Exhibit B. Such sale will be made in an underwritten public offering as described in two Official Statements with such Official Statements to be substantially in the form of the draft Official Statement attached to the Application as Exhibit C. The Bonds will mature on June 15, 2014. It is expected that, upon issuance, the Bonds will bear interest at a flexible rate for periods from one to 270 days based on the prevailing market rate for comparable securities, with interest payable at the end of each flexible rate period. Currently, the interest rate for similar bonds is approximately 5.1% per annum. At the Company's option, the Bonds may be issued at or converted to a daily variable interest rate, a weekly variable interest rate, a monthly variable interest rate, a term interest rate for a term of one or more whole years, or a fixed interest rate to maturity.

5. Security for these Bonds will be provided initially by two irrevocable Letters of Credit from The Fuji Bank, Limited, through its Atlanta Agency. The Company would be obligated to repay the Fuji Bank, Limited pursuant to Reimbursement Agreements in the event a draw is made under the Letters of Credit. The Letters of Credit and Reimbursement Agreements are expected to be similar to the draft Letter of Credit and Reimbursement Agreement

attached to the Application as Exhibit D. The initial term of the Letters of Credit will be five years. The fee for the Letters of Credit is expected to be an initial fee of .21 of 1% of the face amount per annum, payable semiannually in advance. Under the Indentures of Trust, the Company may substitute an alternative form of security agreement in lieu of the Letters of Credit.

6. The proceeds from the sale of the Pollution Control Revenue Refunding Bonds will be loaned by the Authority to the Company for the purpose of refinancing by the payment or redemption, or provision therefor, of the outstanding Pollution Control Revenue Bonds (Carolina Power & Light Company Project), Series 1984 B and C (the "1984 Bonds"). The issuance of the 1984 Bonds was approved by this Commission in Docket No. 84-277-E, Order No. 84-530 for the purpose of financing the acquisition and construction of pollution control facilities at the Company's Shearon Harris Nuclear Power Plant in Wake County, North Carolina.

7. The Company's obligation to make the payments due under the Loan Agreements for principal and interest on the Bonds is absolute, irrevocable and unconditional. The Company estimates that it will incur expenses of approximately \$200,000 and underwriters' fees of approximately \$437,500 in connection with the transaction.

8. Attached to the Application as Exhibit E are a Balance Sheet of the Company as of December 31, 1989, and an Income Statement of the Company for the twelve months ended December 31,

1989, with pro forma statements. When the Loan Agreements, the form of which is attached to the Application as Exhibit A, have been executed, a copy of the final form thereof will be filed with this Commission as a Supplemental Exhibit in this proceeding.

9. If the proposed transactions are not approved by the Commission, the Company will be unable to refinance the 1984 Bonds at lower rates of interest. If approval of the proposed transactions is delayed, the refinancing of the 1984 Bonds at lower rates of interest will likewise be delayed. The Company expects that the use of variable interest rates for the Pollution Control Revenue Refunding Bonds will be lower than the three-year fixed rates of the 1984 Bonds.

10. The proposed undertaking of payment obligations under the Loan Agreements and reimbursement obligations with respect to the Reimbursement Agreements and Letters of Credit are subject to regulation by this Commission pursuant to South Carolina Code §58-27-1710 et seq.

#### CONCLUSIONS

From a review and study of the Application, its supporting data, and other information in the Commission's files, the Commission is of the opinion and so finds that the transactions herein proposed:

1. Are for a lawful object within the corporate purposes of the Company;
2. Are compatible with the public interest;

3. Are necessary and appropriate for and consistent with the proper performance by the Company of its service to the public as a utility;

4. Will not impair the Company's ability to perform its public service; and

5. Are reasonably necessary and appropriate for such purposes.

Approval of this Application does not bind the Commission as to the ratemaking treatment of this issuance.

IT IS THEREFORE ORDERED:

1. That Carolina Power & Light Company be, and it is hereby authorized, empowered, and permitted under the terms and conditions set forth in this Order:

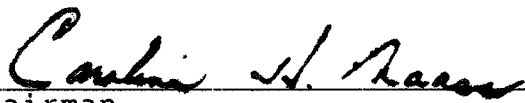
(a) To enter into the financings described in the Application and to execute and deliver such instruments, documents, and agreements as shall be necessary or appropriate in order to effectuate such transactions, including, without limitation, the proposed Loan Agreements and Reimbursement Agreements substantially in the form described in and attached as exhibits to the Application with respect to the issuance of \$140,000,000 aggregate principal amount of Pollution Control Revenue Refunding Bonds;

(b) To use and apply the net proceeds from the issuance and sale of the Pollution Control Revenue Refunding Bonds to refinance the outstanding Pollution Control Revenue Bonds (Carolina Power & Light Company Project), Series 1984 B and C, as described in the Application.

(c) To file with the Commission, when available in final form, one copy of the Loan Agreements.

2. That this Order shall remain in full force and effect until further Order of the Commission:

BY ORDER OF THE COMMISSION:

  
Chairman

ATTEST:

  
Executive Director

(SEAL)